



OFFICE OF  
**INSPECTOR  
GENERAL**  
UNITED STATES POSTAL SERVICE

# HIGHLIGHTS

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September 25, 2013

## Postal Service Warranty Process

Report Number DP-AR-13-011

### **BACKGROUND:**

A warranty is an agreement offered by the seller or manufacturer to replace or repair a faulty item, or to reimburse the purchaser in the event of a product failure. Warranty management is essential to the U.S. Postal Service because it owns and manages over 200,000 commercial products that have a manufacturer's warranty. These commercial products include items such as copiers, computers, and Automated Postal Centers; and communication devices such as cell phones and hand held scanners.

Another large category of warranties managed by the Postal Service is building roof warranties. The Postal Service owns 8,622 buildings. The roofs of these buildings have manufacturer's warranties covering about 200 million square feet with a replacement value of about \$3 billion.

The Postal Service's Maintenance Operations was previously responsible for the preventative maintenance of all Postal Service-owned roofs. However, roof replacement was occurring every 10 to 15 years before the projected life expectancy and manufacturers denied warranty coverage because the required preventative maintenance was not being performed. Therefore, in August 2011, the Postal Service outsourced all roof maintenance and warranty management to a national contractor.

Our objective was to determine whether the warranty claims process ensures that the Postal Service obtains a refund or replacement for purchases covered by a manufacturer's warranty.

### **WHAT THE OIG FOUND:**

The Postal Service effectively managed the warranty claims process for commercial products and obtained a refund or replacement for items covered by a warranty. However, the Postal Service did not recognize \$2.7 million in expected annual labor savings from outsourcing the roof preventative maintenance program to a national contractor. Therefore, the Postal Service is paying for workhours that should have been saved because of outsourcing the roof preventative maintenance from Maintenance Operations to a national contractor.

### **WHAT THE OIG RECOMMENDED:**

We recommended management reduce future employee workhours for the outsourcing of the roof preventative maintenance program using the Postal Service's Workhour Estimator Program criteria. In addition, we recommended management update their policy to quantify what constitutes major or significant labor savings.